

**STATE OF SOUTH CAROLINA****(Caption of Case)**

Annual Review of Purchased Gas Adjustment and Gas  
Purchasing Policies of Piedmont Natural Gas  
Company, Inc.

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA****COVER SHEET**

**DOCKET  
NUMBER:** 2016 - 4 - G

(Please type or print)

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**DOCKETING INFORMATION** (Check all that apply)

☐ **Emergency Relief demanded in petition**

☐ **Request for item to be placed on Commission's Agenda expeditiously**

☐ **Other:** \_\_\_\_\_

**INDUSTRY (Check one)**

- ☐ Electric  
☐ Electric/Gas  
☐ Electric/Telecommunications  
☐ Electric/Water  
☐ Electric/Water/Telecom.  
☐ Electric/Water/Sewer  
☒ Gas  
☐ Railroad  
☐ Sewer  
☐ Telecommunications  
☐ Transportation  
☐ Water  
☐ Water/Sewer  
☐ Administrative Matter  
☐ Other: \_\_\_\_\_

**NATURE OF ACTION (Check all that apply)**

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> Affidavit                 | <input type="checkbox"/> Letter                            | <input type="checkbox"/> Request                   |
| <input type="checkbox"/> Agreement                 | <input type="checkbox"/> Memorandum                        | <input type="checkbox"/> Request for Certification |
| <input type="checkbox"/> Answer                    | <input type="checkbox"/> Motion                            | <input type="checkbox"/> Request for Investigation |
| <input type="checkbox"/> Appellate Review          | <input type="checkbox"/> Objection                         | <input type="checkbox"/> Resale Agreement          |
| <input type="checkbox"/> Application               | <input type="checkbox"/> Petition                          | <input type="checkbox"/> Resale Amendment          |
| <input type="checkbox"/> Brief                     | <input type="checkbox"/> Petition for Reconsideration      | <input type="checkbox"/> Reservation Letter        |
| <input type="checkbox"/> Certificate               | <input type="checkbox"/> Petition for Rulemaking           | <input type="checkbox"/> Response                  |
| <input type="checkbox"/> Comments                  | <input type="checkbox"/> Petition for Rule to Show Cause   | <input type="checkbox"/> Response to Discovery     |
| <input type="checkbox"/> Complaint                 | <input type="checkbox"/> Petition to Intervene             | <input type="checkbox"/> Return to Petition        |
| <input type="checkbox"/> Consent Order             | <input type="checkbox"/> Petition to Intervene Out of Time | <input type="checkbox"/> Stipulation               |
| <input type="checkbox"/> Discovery                 | <input checked="" type="checkbox"/> Prefiled Testimony     | <input type="checkbox"/> Subpoena                  |
| <input type="checkbox"/> Exhibit                   | <input type="checkbox"/> Promotion                         | <input type="checkbox"/> Tariff                    |
| <input type="checkbox"/> Expedited Consideration   | <input type="checkbox"/> Proposed Order                    | <input type="checkbox"/> Other: _____              |
| <input type="checkbox"/> Interconnection Agreement | <input type="checkbox"/> Protest                           | _____  |
| <input type="checkbox"/> Interconnection Amendment | <input type="checkbox"/> Publisher's Affidavit             | _____  |
| <input type="checkbox"/> Late-Filed Exhibit        | <input type="checkbox"/> Report                            |  |

**Before the  
Public Service Commission of South Carolina  
Docket No. 2016-4-G**

**Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies  
of  
Piedmont Natural Gas Company, Inc.**

**Testimony and Exhibits  
of  
MaryBeth Tomlinson**

**On Behalf Of  
Piedmont Natural Gas Company, Inc.**



**June 2, 2016**

1 **Q. Please state your name and business address.**

2 A. My name is MaryBeth Tomlinson. My business address is 4720 Piedmont Row  
3 Drive, Charlotte, North Carolina.

4 **Q. What is your position and what are your responsibilities with Piedmont**  
5 **Natural Gas Company?**

6 A. I am employed as Manager of Gas Accounting.

7 **Q. Please briefly describe your education and experience.**

8 A. I received a B.A. degree in Accounting from Belmont Abbey College in  
9 Belmont, NC in 1985. In 1985, I was employed by Hobbs, Crossley and  
10 Blacka P.A. as a staff accountant. In 1987, I was employed by ALLTEL  
11 Corporation as Manager of General Accounting. In 1995, I was employed by  
12 SeaLand Service Corporation as Manager of Vessel Accounting. In 1999, I  
13 was employed by United States Ship Management, LLC (USSM) as Manager  
14 of General Accounting. In 2005, I was employed by HSBC Mortgage Corp. as  
15 Manager of Accounting. In 2007, I was employed by Piedmont Natural Gas  
16 Company, Inc. ("Piedmont") as Manager of Special Projects. In February  
17 2008, I became the Manager of Corporate Accounting. In August 2012, this  
18 department was divided between two managers and I became the Manager of  
19 Plant Accounting and Accounts Payable. I accepted the position as the  
20 Manager of Gas Accounting in January 2015.

21 **Q. Please describe your responsibilities as Manager of Gas Accounting.**

22 A. My responsibilities include: recording the cost of gas on Piedmont's books,  
23 maintaining a proper match of revenues and cost of gas in Piedmont's income

1 statements, recording Piedmont's margin in accordance with regulatory  
2 requirements in each of the three state jurisdictions in which Piedmont  
3 operates, verifying volumes and prices on all invoices relating to the purchase  
4 and transportation of natural gas, and recording gas inventory accounts and  
5 deferred accounts.

6 **Q. Have you previously testified before this Commission or any other**  
7 **regulatory authority?**

8 A. No.

9 **Q. What is the purpose of your testimony in this proceeding?**

10 A. The purpose of my testimony in this proceeding is to report Piedmont's end-of-  
11 period balances in and accounting for its deferred gas costs accounts in order to  
12 permit the Commission to determine that Piedmont's true-up procedures for the  
13 review period of April 2015 – March 2016 have resulted in a properly stated  
14 cost of gas and that Piedmont's gas costs are properly recorded in compliance  
15 with Piedmont's Gas Cost Recovery Mechanism and hedging plan.

16 **Q. Has the Office of Regulatory Staff reviewed Piedmont's accounting for its**  
17 **cost of gas for the review period in this proceeding?**

18 A. Yes. The Commission has previously ordered the Company to maintain an  
19 account reflecting its gas costs each month, the amount of gas costs recovered  
20 each month, and amounts deferred each month. The audit staff of the ORS has  
21 conducted a detailed audit and review of the review period activity in that

1 account, as well as the detailed data supporting the accounting entries to that  
2 account. A summary of the review period activity in that account is attached  
3 hereto as **Exhibit\_\_ (MBT-1)**.

4 **Q. Does the Company also maintain a hedging deferred account?**

5 A. Yes. Effective April 1, 2002, Piedmont implemented an experimental natural  
6 gas hedging program pursuant to Commission Order No. 2002-223. Pursuant  
7 to this program, Piedmont maintains a Hedging Deferred Account in which it  
8 records the results of its hedging activities undertaken in accordance with its  
9 hedging plan. The audit staff of the Office of Regulatory Staff has also  
10 conducted a detailed review of the activity in this account and the detailed  
11 accounting data supporting that activity. A summary of the review period  
12 activity in Piedmont's Hedging Deferred Account is attached hereto as  
13 **Exhibit\_\_ (MBT-2)**.

14 **Q. Does this conclude your testimony?**

15 A. Yes.

**Piedmont Natural Gas Company, Inc.**  
**Annual Review**  
**2016-4-G**

**Exhibit \_\_ (MBT-1)**

Piedmont Natural Gas Co., Inc. - South Carolina  
Gas Cost Deferred Account Activity  
Annual Prudence Review - Docket No. 2016-4-G  
12 Months Ended March 31, 2016  
**Debits (Credits)**

Exhibit\_\_(MBT-1)

Reporting Month ==>	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	
Gas Flow Month ==>	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Totals
Beginning Balance	(11,535,185.14)	(10,165,775.79)	(9,024,891.37)	(7,770,185.82)	(6,420,070.43)	(5,425,276.70)	(4,193,739.41)	(2,857,602.25)	(3,177,503.47)	(1,486,664.03)	(606,583.46)	(2,762,959.43)	
Billed vs. Filed Commodity True - Up	713,912.55	276,476.29	367,666.43	412,273.42	224,927.20	342,733.29	650,593.74	325,808.11	756,535.76	2,004,912.29	1,122,542.54	129,551.37	7,327,932.99
Demand True-Up	854,118.61	1,129,265.07	1,085,215.40	1,165,079.35	982,965.39	1,117,154.93	767,821.28	(183,713.46)	310,066.88	(2,206,851.95)	(1,782,752.74)	118,669.22	3,357,037.98
Negotiated Losses	11,040.07	11,331.98	10,952.59	10,536.08	10,450.54	11,064.77	11,829.21	55,340.67	64,788.61	56,494.78	17,152.90	16,716.46	287,698.66
Capacity Release Credits	(259,628.92)	(284,538.86)	(287,036.14)	(292,477.49)	(290,871.61)	(279,709.70)	(264,713.51)	(883,504.14)	(611,124.08)	(908,108.53)	(868,559.23)	(533,455.11)	(5,763,727.32)
SC Portion of Off System Sales Revenue	(458,723.52)	(372,763.42)	(577,876.89)	(723,906.41)	(509,166.27)	(488,253.95)	(337,583.39)	(672,675.94)	(763,632.21)	(2,019,348.63)	(1,157,950.99)	(909,917.26)	(8,991,798.88)
SC Portion of Off System Sales Costs	454,005.32	354,372.02	568,631.54	713,531.55	504,011.12	482,693.51	332,014.62	651,962.89	728,654.32	1,601,893.57	847,348.20	863,463.34	8,102,582.00
WNA	(877.42)	(276.54)	(29.03)	10.85	(8.70)	(25.00)	(35.38)	337,999.44	1,117,458.97	2,325,493.44	(393,953.13)	381,340.05	3,767,097.55
Supplier Refunds	(3,297.94)	(0.30)	(523.71)	(1,156.27)	(0.66)	2,983.68	(5,981.06)	-	-	-	-	-	(7,976.26)
SC - Uncollectibles	35,653.96	48,204.19	79,173.09	73,623.84	37,997.38	13,546.78	(2,835.64)	(9,106.43)	(4,413.65)	(5,562.92)	(5,101.06)	5,679.64	266,859.18
Monthly Hedging Transfer	47,556.70	754.20	29,395.20	9,472.70	48,558.70	40,202.20	193,247.20	65,196.00	98,178.50	33,404.60	68,249.70	60,246.70	694,462.40
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance Before Interest	(10,141,425.73)	(9,002,951.16)	(7,749,322.89)	(6,403,198.20)	(5,411,207.34)	(4,182,886.19)	(2,849,382.34)	(3,170,295.11)	(1,480,990.37)	(604,337.38)	(2,759,607.27)	(2,630,665.02)	
Interest	(24,350.06)	(21,940.21)	(20,862.93)	(16,872.23)	(14,069.36)	(10,853.22)	(8,219.91)	(7,208.36)	(5,673.66)	(2,246.08)	(3,352.16)	(5,470.03)	(141,118.21)
Ending Balance	(10,165,775.79)	(9,024,891.37)	(7,770,185.82)	(6,420,070.43)	(5,425,276.70)	(4,193,739.41)	(2,857,602.25)	(3,177,503.47)	(1,486,664.03)	(606,583.46)	(2,762,959.43)	(2,636,135.05)	
Monthly Interest Rate	2.696%	2.747%	2.985%	2.857%	2.854%	2.711%	2.801%	2.870%	2.923%	2.578%	2.390%	2.434%	

**Piedmont Natural Gas Company, Inc.**  
**Annual Review**  
**2016-4-G**

**Exhibit \_\_ (MBT-2)**



**Piedmont Natural Gas Company, Inc. - South Carolina**  
**Hedging Account Activity**  
**Annual Prudence Review - Docket No. 2016-4-G**  
**12 Months Ended March 31, 2016**  
**Debits (Credits)**

Exhibit \_\_ (MBT-2)

		# of Contracts Executed / Exercised	Beginning Balance	Net Options Premium	Fees 1	Margin Requirement (P&L Cash Act)	Consultant Fees	Proceeds from Positions	Fees 2	Interest from Brokerage Account	Other Monthly Fee	Monthly Gain / Loss Transfer
April 2015		35	\$ -	46,260.00	542.50	-	746.00	-	-	-	8.20	47,556.70
May 2015		-	\$ -	-	-	-	746.00	-	-	-	8.20	754.20
June 2015		22	\$ -	28,300.00	341.00	-	746.00	-	-	-	8.20	29,395.20
July 2015		7	\$ -	8,610.00	108.50	-	746.00	-	-	-	8.20	9,472.70
August 2015		39	\$ -	47,200.00	604.50	-	746.00	-	-	-	8.20	48,558.70
September 2015		36	\$ -	38,890.00	558.00	-	746.00	-	-	-	8.20	40,202.20
October 2015		146	\$ -	190,230.00	2,263.00	-	746.00	-	-	-	8.20	193,247.20
November 2015		60	\$ -	63,520.00	930.00	-	746.00	-	-	-	-	65,196.00
December 2015		95	\$ -	95,960.00	1,472.50	-	746.00	-	-	-	-	98,178.50
January 2016		28	\$ -	32,200.00	434.00	-	746.00	-	-	-	24.60	33,404.60
February 2016		61	\$ -	66,550.00	945.50	-	746.00	-	-	-	8.20	68,249.70
March 2016		55	\$ -	58,640.00	852.50	-	746.00	-	-	-	8.20	60,246.70
Activity Totals				676,360.00	9,052.00	-	8,952.00	-	-	-	98.40	694,462.40